

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2013-392-E

In Re: Joint Application of Duke Energy)	
Carolinas, LLC and North Carolina Electric)	
Membership Corporation For a Certificate of)	
Environmental Compatibility and Public)	SETTLEMENT AGREEMENT
Convenience and Necessity for the Construction)	
And Operation of a 750 MW Combined Cycle)	
Generating Plant Near Anderson, South Carolina)	
)	
)	

This Settlement Agreement is made by and among the South Carolina Office of Regulatory Staff (“ORS”), Duke Energy Carolinas (“DEC”) and the North Carolina Electric Membership Corporation (“NCEMC”) (collectively referred to as “Settling Parties”).¹

WHEREAS, DEC and NCEMC have prepared and filed an Application for a Certificate of Environmental Compatibility and Public Convenience and Necessity (“the Application”), pursuant to S.C. Code Ann. §§58-33-10 et seq. (Supp. 2012), seeking to construct and operate a 750 MW combined-cycle electrical generating plant (the “Lee Combined Cycle Project” or “LCCP”) on a site located in Anderson County, South Carolina with DEC operating the plant and owning 650 MWs and NCEMC owning 100 MWs;

WHEREAS, the Public Service Commission has opened Docket No. 2013-392-E to consider the application of DEC and NCEMC;

¹ Intervenors South Carolina Coastal Conservation League and Southern Alliance for Clean Energy and statutory parties the South Carolina Department of Health and Environmental Control, the South Carolina Department of Parks, Recreation and Tourism and the South Carolina Department of Natural Resources are not parties to the Settlement Agreement.

WHEREAS, the Settling Parties are parties of record in Docket No. 2013-392-E;

WHEREAS, the ORS is charged by law with the duty to represent the public interest of the State of South Carolina pursuant to S.C. Code Ann. §58-4-10(B) (Supp. 2012);

WHEREAS, ORS has conducted an investigation and examination relating to the matters raised in the Application;

WHEREAS, the Settling Parties have engaged in discussions to determine if a settlement of the issues would be in their best interest and, in the case of ORS, in the public interest; and

WHEREAS, following their settlement discussions, the Settling Parties have determined that their interests, and ORS has determined that the public interest, would be best served by a comprehensive settlement of the issues presented in this docket under the terms and conditions set forth herein.

NOW THEREFORE, the Settling Parties hereby stipulate and agree to the following terms:

I. STIPULATION OF TESTIMONY AND WAIVER OF CROSS EXAMINATION

The Settling Parties agree to stipulate into the record before the Commission this Settlement Agreement. The Settling Parties further agree to stipulate into the record the following pre-filed direct testimony and exhibits: the direct testimony and exhibits of DEC witnesses Clark Gillespy, Mark Landseidel, and Janice Hager; the direct testimony of NCEMC witness Michael Burnette; the rebuttal testimony and exhibits of DEC witnesses Janice Hager and Jon Summerville; and the direct testimony of ORS witness Gene Soult (collectively “Stipulated Testimony”), without objection, change, amendment or cross-examination. The Settling Parties reserve the right to engage in any redirect examination of witnesses as necessary to respond to issues raised by the examination of their witnesses, if any, by parties other than

Settling Parties, or members of the Commission, or by late-filed testimony from parties other than Settling Parties.

II. COMPREHENSIVE SETTLEMENT AMONG ORS, DEC AND NCEMC

The Settling Parties agree and stipulate that the Application and the Stipulated Testimony conclusively demonstrate the following:

1. The Application and the Stipulated Testimony includes all matters required by S.C. Code Ann. §58-33-120(1) (Supp. 2012) to support such an application, and all parties required to be served by S.C. Code Ann. §58-33-120(2) (Supp. 2012) have been served.
2. The Application and Stipulated Testimony establish and explain the need for the LCCP as required by S.C. Code Ann. §58-33-160(1)(a) (Supp. 2012).
3. As required by S.C. Code Ann. §58-33-160(1)(b) and (c) (Supp. 2012), the Application and Stipulated Testimony establish that the probable environmental impact of the LCCP is minimal and is justified considering the state of available technology and the nature and economics of the various alternatives.
4. As required by S.C. Code Ann. §58-33-160(1)(d) (Supp. 2012), the Application and Stipulated Testimony establish that the LCCP will appropriately serve the interests of system economy and reliability.
5. As required by S.C. Code Ann. §58-33-160(1)(e) (Supp. 2012), the Application and Stipulated Testimony establish that there is reasonable assurance that the LCCP will conform to applicable State and local laws and regulations.
6. As required by S.C. Code Ann. §58-33-160(1)(f) (Supp. 2012), the Application and Stipulated Testimony establish that the public convenience and necessity will be

served by construction of the LCCP.

7. Construction of the LCCP will not affect DEC's plans regarding the acquisition of an interest in the V. C. Summer Nuclear Project currently being constructed by SCE&G and Santee Cooper. As reflected in paragraph 6 of the Settlement Agreement in Docket No. 2011-20-E, DEC continues to support joint ownership of new nuclear facilities in South Carolina. DEC is engaged in good faith negotiations with Santee Cooper regarding an interest in the Summer project. DEC's 2013 IRP shows a need for nuclear generation in 2018 and 2020 and assumes Duke will acquire an interest in Summer to fulfill the need. Duke's purchase of an interest in Summer will depend on the Company's ability to obtain commercially reasonable terms and demonstrate prudence to regulators in both South Carolina and North Carolina.
8. The Settling Parties agree to advocate that the Commission accept and approve the Settlement Agreement in its entirety as a fair, full and reasonable resolution of all issues presented in this proceeding.
9. The Settling Parties agree to cooperate in good faith with one another in recommending to the Commission that the Settlement Agreement be approved and the Settling Parties agree to use reasonable efforts to defend and support any Commission order issued approving the Settlement Agreement.
10. The Settling Parties agree that signing the Settlement Agreement (a) will not constrain, inhibit, impair or prejudice their arguments or positions held in future proceedings; (b) will not constitute a precedent or evidence of acceptable practice in future proceedings; and (c) will not limit the relief that any Settling Party may seek or advocate in any future proceeding. If the Commission declines to approve the

Settlement Agreement in its entirety, then any or all of the Settling Parties may withdraw from the Settlement Agreement without penalty or obligation.

11. The Settlement Agreement shall be interpreted according to South Carolina law.

12. The above terms and conditions fully represent the agreement of the Settling Parties.

Therefore, each party acknowledges its consent and agreement to the Settlement Agreement by affixing its signature or by authorizing its counsel to affix his or her signature to the Settlement Agreement where indicated below. Counsel's signature is his or her representation that his or her client has authorized the execution of the Settlement Agreement. Faxed or scanned signatures shall be effective as original signatures to bind any party. The Settlement may be signed in counterparts, with the various signature pages combined with the body of the document constituting an original and provable copy of the Settlement Agreement. The Settling Parties agree that in the event any Settling Party should fail to indicate its agreement to the Settlement Agreement, then the Settlement Agreement shall be null and void and will not be binding on any party.

[PARTY SIGNATURES TO FOLLOW ON SEPARATE PAGES]

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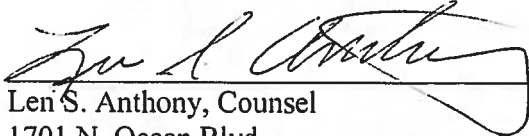
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By:

A handwritten signature in dark ink, appearing to read "Len S. Anthony", is written over a horizontal line.

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